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June 9, 2021

Via Electronic Mail: Ch313.apps@cpa.texas.gov
Local Government Assistance & Economic Analysis
Texas Comptroller of Public Accounts
Lyndon B. Johnson State Office Building
111 E. 17th Street
Austin, Texas 78774

Re: Application #1603 for Appraised Value Limitation on Qualified Property from
Waco Solar, LLC to Coolidge Independent School District—Supplement #001

Qualifying Time Period Start Date: 01/01/2022
Value Limitation Period Start Date: 01/01/2023

Dear Local Government Assistance and Economic Analysis Division:

Pursuant to your June 4th, 2021 request for additional information, please find attached Supplement #001. Tab 5 has been updated to reflect the company structure, which indicates that NextEra Energy Resources, LLC is the parent company of NextEra Energy Resources Development, LLC, which is the parent company of Waco Solar, LLC.

Thank you for your attention to the foregoing. Please do not hesitate to contact me should you have any questions.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Rick L. Lambert', is written over the typed name.

Rick L. Lambert

RLL;sl

Tab 5: Documentation to Assist in Determining if Limitation is a Determining Factor

NextEra Energy Resources, LLC is the parent company of NextEra Energy Resources Development, LLC, which is the parent company of Waco Solar, LLC.

Throughout the United States the production of renewable energy has been increasing as the cost of these systems has decreased and technological advancements have improved efficiency. In 2020, Texas ranked 2nd in installed solar capacity.¹ The state's geographic position and containment of several large population centers has made Texas a favorable location for renewable energy development.

Renewable energy developers face many challenges in the determination of project location—one of these factors being the selection of an area where the greatest return on investment can be achieved. There are several factors that contribute to Texas favorability for development, one however that does not is the state's notoriously high property tax burden—ranking in the top 10 across the United States.

An appraised value limitation on qualified property allows developers to significantly diminish the property tax liability that composes a substantial ongoing cost of operation that directly impacts the economic rate of return for the project. In the absence of an appraised value limitation, the development of renewable energy facilities becomes financially uncertain as the rate of return often fails to meet the minimum return required to proceed. In the event an appraised value limitation agreement is not received by Waco Solar it is rather certain that the capital allotted for the development of this project will be reallocated for use in another state where either the property tax burden is lower or economic incentives can be secured namely locations where NextEra Energy Resources Development, LLC is currently active including Oklahoma, California, Colorado and other additional states.

Thus, an appraised value limitation agreement between Waco Solar and Coolidge Independent School District is the determining factor in the decision to locate this facility within the state of Texas.

Please note: The IGNR# for this project is 21INR0257 and 23INR0153. These numbers were assigned on 02/07/2019 and 12/22/2020, respectively. This project has also been referred to as "Mercury Solar."

¹ Solar Energy Industries Association

